



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	SB0279
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<b>Title:</b>	Teacher signing bonuses
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<b>Primary Sponsor:</b>	Brown, Roy
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<b>Status:</b>	As Introduced
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|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$1,200,000	\$900,000	\$900,000	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$1,200,000)</u>	<u>(\$900,000)</u>	<u>(\$900,000)</u>	<u>\$0</u>

**Description of fiscal impact:** SB 279 establishes the Montana Educator Enhancement Act to provide a maximum of 300 beginning teachers with a \$10,000 signing bonus, paid over three years. The total general fund impact of SB 279 is \$3.0 million distributing \$1.2 million in FY 2010, and \$900,000 in each year FY 2011 and FY 2012.

### FISCAL ANALYSIS

#### Assumptions:

#### **Office of Public Instruction**

- SB 279 provides a one-time signing bonus of \$10,000 to a maximum of 300 beginning teachers, paid over the first three years of employment. The first year of employment the payment would be \$4,000, and a \$3,000 payment would be made in each of the next two years of employment.
- For purposes of this fiscal note, it is assumed FY 2010 would be the only year beginning teacher bonuses would begin.
- The Superintendent of Public Instruction would administer the one-time teacher signing bonuses.
- The act terminates on June 30, 2012.

**Department of Revenue**

5. The HJR 2 income tax revenue estimate does not include tax on the signing bonuses in this bill. Therefore, exempting signing bonuses from the income tax has no effect on estimated revenue.
6. Signing bonuses would be subject to federal income tax. Therefore, this bill would require an additional line on Schedule II, "Montana Subtractions from Federal Adjusted Gross Income," of the individual income tax form. Changes to tax forms and instructions would be made as part of the annual update process. There would be no cost unless the additional line on Schedule II and accompanying instructions added another page to the income tax booklet. Changes to the Department of Revenue's data processing system to accommodate the additional line would require 40 hours of programming and 20 hours of testing. The programming would be done by the software vendor as part of the annual update process, and testing would be done by department employees. There would be no additional monetary cost, but resources would be diverted from other tasks.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$1,200,000	\$900,000	\$900,000	\$0
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$1,200,000	\$900,000	\$900,000	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$1,200,000)	(\$900,000)	(\$900,000)	\$0

**Technical Notes:**

1. There is no definition for "beginning teacher" in the bill draft.
2. The superintendent of public instruction shall identify beginning teachers who are "Montana graduates," which is assumed to mean any teacher (resident or non-resident) who is a graduate from one of the nine teacher educator preparation programs in Montana.
3. The superintendent of public instruction shall develop criteria to identify urban areas that face difficulty in recruiting teachers.
4. The National Center for Education Statistics has revised its locale codes. Codes 1-8 are under the old coding system. The new codes are defined at [http://nces.ed.gov/ccd/rural\\_locales.asp](http://nces.ed.gov/ccd/rural_locales.asp).
5. The bill is not clear if the intent was for bonuses to begin only one year (FY 2010) for a three-year period or each year during the effective period of the bill with the final bonus payments paid in FY 2014.

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*